

## HIGHER EDUCATIONAL AIDS BOARD

| Budget Summary |                              |                     |                        |                        |                  |  |            |
|----------------|------------------------------|---------------------|------------------------|------------------------|------------------|--|------------|
| Fund           | 2018-19 Base<br>Year Doubled | 2019-21<br>Governor | 2019-21<br>Jt. Finance | 2019-21<br>Legislature | 2019-21<br>Act 9 | Act 9 Change Over<br>Base Year Doubled |            |
|                |                              |                     |                        |                        |                  | Amount                                 | Percent    |
| GPR            | \$286,936,400                | \$298,783,500       | \$281,903,200          | \$281,903,200          | \$281,553,200    | - \$5,383,200                          | - 1.9%     |
| FED            | 300,000                      | 300,000             | 300,000                | 300,000                | 300,000          | 0                                      | 0.0        |
| PR             | <u>3,334,800</u>             | <u>3,408,300</u>    | <u>3,334,800</u>       | <u>3,334,800</u>       | <u>3,334,800</u> | <u>0</u>                               | <u>0.0</u> |
| TOTAL          | \$290,571,200                | \$302,491,800       | \$285,538,000          | \$285,538,000          | \$285,188,000    | - \$5,383,200                          | - 1.9%     |

| FTE Position Summary |              |                     |                        |                        |                  |                                   |
|----------------------|--------------|---------------------|------------------------|------------------------|------------------|-----------------------------------|
| Fund                 | 2018-19 Base | 2020-21<br>Governor | 2020-21<br>Jt. Finance | 2020-21<br>Legislature | 2020-21<br>Act 9 | Act 9 Change<br>Over 2018-19 Base |
| GPR                  | 10.00        | 10.00               | 10.00                  | 10.00                  | 10.00            | 0.00                              |

### Budget Change Items

#### 1. STANDARD BUDGET ADJUSTMENTS

|     |          |
|-----|----------|
| GPR | \$78,800 |
|-----|----------|

**Governor/Legislature:** Modify the base budget by \$49,200 annually for full funding of continuing position salaries and fringe benefits and -\$10,800 in 2019-20 and -\$8,800 in 2020-21 for lease and directed moves costs.

#### 2. WISCONSIN GRANTS -- UW SYSTEM STUDENTS [LFB Paper 430]

|     | Governor<br>(Chg. to Base) | Jt. Finance/Leg.<br>(Chg. to Gov) | Net Change |
|-----|----------------------------|-----------------------------------|------------|
| GPR | \$9,439,000                | - \$9,439,000                     | \$0        |

**Governor:** Increase funding for Wisconsin Grants for UW System students by \$3,094,800 in 2019-20 and \$6,344,200 in 2020-21, which would increase program funding by 5% in 2019-20 and an additional 5% in 2020-21. Annual base level funding for this program is \$61,894,100.

**Joint Finance/Legislature:** Delete provision.

**3. WISCONSIN GRANTS -- PRIVATE, NONPROFIT COLLEGE STUDENTS [LFB Paper 430]**

|     | <b>Governor<br/>(Chg. to Base)</b> | <b>Jt. Finance/Leg.<br/>(Chg. to Gov)</b> | <b>Net Change</b> |
|-----|------------------------------------|---|-------------------|
| GPR | \$4,347,100                        | - \$4,347,100                             | \$0               |

**Governor:** Increase funding for Wisconsin Grants for private, nonprofit college students by \$1,425,300 in 2019-20 and \$2,921,800 in 2020-21, which would increase funding by 5% in 2019-20 and an additional 5% in 2020-21. Annual base level funding for this program is \$28,504,600.

**Joint Finance/Legislature:** Delete provision.

**4. WISCONSIN GRANTS -- TECHNICAL COLLEGE STUDENTS [LFB Paper 430]**

|     | <b>Governor<br/>(Chg. to Base)</b> | <b>Jt. Finance/Leg.<br/>(Chg. to Gov)</b> | <b>Net Change</b> |
|-----|------------------------------------|---|-------------------|
| GPR | \$3,503,200                        | - \$3,503,200                             | \$0               |

**Governor:** Increase funding for Wisconsin Grants for technical college students by \$1,148,600 in 2018-19 and \$2,354,600 in 2020-21, which would increase funding by 5% in 2019-20 and an additional 5% in 2020-21. Annual base level funding for this program is \$22,971,700.

**Joint Finance/Legislature:** Delete provision.

**5. WISCONSIN GRANTS -- TRIBAL COLLEGES [LFB Paper 430]**

|         | <b>Governor<br/>(Chg. to Base)</b> | <b>Jt. Finance/Leg.<br/>(Chg. to Gov)</b> | <b>Net Change</b> |
|---------|------------------------------------|---|-------------------|
| PR      | \$73,500                           | - \$73,500                                | \$0               |
| GPR-REV | - \$73,500                         | \$73,500                                  | \$0               |

**Governor:** Increase funding for Wisconsin Grants for Tribal College students by \$24,100 in 2019-20 and \$49,400 in 2020-21, which would increase program funding by 5% in 2019-20 and an additional 5% in 2020-21. This funding is drawn from tribal gaming revenues and reduces GPR-Earned corresponding. Annual base level funding for the program is \$481,800.

**Joint Finance/Legislature:** Delete provision.

## 6. WISCONSIN COVENANT GRANTS

|     |               |
|-----|---------------|
| GPR | - \$5,002,000 |
|-----|---------------|

**Governor/Legislature:** Reduce funding by \$2,072,000 in 2019-20 and \$2,930,000 in 2020-21 to reflect the decreasing number of students eligible for the Wisconsin Covenant Grant program. Annual base level funding is \$2,930,000.

The Wisconsin Covenant Grant program provides grants to students who have been designated as Wisconsin covenant scholars and who are enrolled in UW institutions, technical colleges, private, nonprofit colleges and universities, and tribal colleges located in Wisconsin. To be designated as a Wisconsin covenant scholar, a student must have signed the Wisconsin covenant pledge as an eighth grader and fulfilled the pledge by his or her senior year of high school. Under 2011 Act 32, no student may sign the eighth grade Wisconsin covenant pledge after September 30, 2011. The grant program is scheduled to end in 2020-21 when no students will be eligible for grants through the program.

## 7. TUITION RECIPROCITY PAYMENT [LFB Paper 432]

|     |               |
|-----|---------------|
| GPR | - \$1,260,000 |
|-----|---------------|

**Joint Finance/Legislature:** Reestimate payments under the Minnesota-Wisconsin reciprocity agreement by -\$630,000 annually. Base level funding of \$7,130,000 annually is provided in a sum sufficient appropriation.

## 8. RURAL DENTISTRY SCHOLARSHIPS

|           | Jt. Finance/Leg.<br>(Chg. to Base) | Veto<br>(Chg. to Leg.) | Net Change |
|-----------|------------------------------------|------------------------|------------|
| GPR       | \$1,150,000                        | - \$350,000            | \$800,000  |
| GPR Lapse | <u>- 600,000</u>                   | <u>600,000</u>         | <u>0</u>   |
| Net GPR   | \$550,000                          | \$250,000              | \$800,000  |

**Joint Finance/Legislature:** Provide \$800,000 in 2020-21 in a new annual appropriation for scholarships under a rural dentistry scholarship program as well as \$350,000 in 2020-21 in a new biennial appropriation under HEAB to cover a portion of the costs of the Marquette University School of Dentistry (MUSD) in administering and implementing the program. In consultation with the Department of Health Services, require HEAB to establish a program for awarding to no more than five first-year students attending MUSD an annual scholarship, including a stipend, equal to \$40,000 for each year of a student's enrollment but not exceeding four years. Specify that for every year a student accepts the scholarship, the student must practice for 18 months in a qualifying dental health professional shortage area. Require a student to repay a proportional amount of the scholarships awarded to the student for failure to meet the required number of months of eligible practice. Exclude dental practice in Waukesha, Dane, Milwaukee, Kenosha, and Brown Counties from being eligible under this program. Because only \$200,000 of the scholarship funding would be expended in 2020-21, \$600,000 of GPR-Lapses are estimated to accrue in that year.

**Veto by Governor [B-19]:** Delete all references to dentistry and dental as well as to MUSD and delete the appropriation with \$350,000 GPR in 2020-21 to cover a portion of the costs of

MUSD in administering and implementing the program. The partial veto also eliminates the provisions that limited the program to: (a) no more than five first-year students; (b) a maximum award of \$40,000 per student per year; and (c) students practicing in a dental health shortage area, excluding Waukesha, Dane, Milwaukee, Kenosha, and Brown Counties. As vetoed, the act provides \$800,000 in 2020-21 for a scholarship program granting scholarships to students practicing in a health shortage area in this state. Because the limitations on the number of students and amount of each award are deleted by veto, the estimated GPR-Lapse of -\$600,000 in 2020-21 under AB 56 as passed by the Legislature no longer applies.

[Act 9 Sections: 135g and 392m]

[Act 9 Vetoed Sections: 126 (as it relates to s. 20.235(1)(dg)&(dr)), 135g, 135r, and 392m]

## 9. WISCONSIN GRANT FORMULAS

**Governor:** Specify that, if the Higher Educational Aids Board determines during a fiscal year that any formula used to award Wisconsin grants needs to be modified during the fiscal year in order to expend the entire amount appropriated for those grants, the Board may implement the modified formula.

Under the provisions of 2017 Act 59, if HEAB determines during a fiscal year that any formula used to award Wisconsin Grants needs to be modified during the fiscal year in order to expend the entire amount appropriated for those grants, the Board is required to submit the modified formula to the Joint Committee on Finance for approval through a 14-day passive review process. The bill would remove the Joint Finance review and approval requirements and allow HEAB to implement the modified formula.

**Joint Finance/Legislature:** Delete provision.

## 10. MINORITY TEACHER LOAN PROGRAM [LFB Paper 431]

|     | <b>Governor<br/>(Chg. to Base)</b> | <b>Jt. Finance/Leg.<br/>(Chg. to Gov)</b> | <b>Net Change</b> |
|-----|------------------------------------|---|-------------------|
| GPR | - \$519,000                        | \$519,000                                 | \$0               |

**Governor:** Delete \$259,500 annually and prohibit HEAB from making loans under the minority teacher loan program after the effective date of the bill. Specify that this prohibition would first apply to loan applications received by HEAB on the effective date of the bill. Require HEAB to administer the repayment and forgiveness of loans made under the program on or before the effective date of the bill. [A minority teacher grant program would be created under DPI -- see "Public Instruction -- Categorical Aids".] While the appropriation language would remain under the bill, no funding would be provided.

**Joint Finance/Legislature:** Delete provision.

## **11. SUPPLEMENTAL TALENT INCENTIVE GRANTS**

**Governor:** Specify that, before the end of a fiscal biennium, HEAB could make supplemental talent incentive grants to students to whom the Board has awarded talent incentive grants in that fiscal biennium, but only if HEAB determines that, after the Board makes all of the initial grants in that fiscal biennium, moneys remain available. In addition, clarify that the \$1,800 per academic year limit on talent incentive grants does not apply to supplemental talent incentive grants.

The Talent Incentive Program (known as "TIP") provides grants to the most needy and educationally disadvantaged students. Freshmen grant recipients are selected by the staff of the Wisconsin Educational Opportunity Program (WEOP) in the Department of Public Instruction and institutional financial aid officers. Current law limits TIP grants to a maximum of \$1,800 per academic year. Only students who receive TIP awards as freshmen are eligible to receive awards as upperclassmen. Students may receive TIP awards for up to 10 semesters within the first six years after the initial grant was awarded.

**Joint Finance/Legislature:** Delete provision.

## **12. STUDENT LOAN REFINANCING STUDY COMMITTEE**

**Governor:** Create the Student Loan Refinancing Study Committee to study the creation and administration of a bonding authority for the refinancing of student loans in Wisconsin in order to ease the burden of student loan debt for Wisconsin residents. Specify that the Committee would consist of the following members: (a) the Secretary of the Department of Financial Institutions; (b) the State Treasurer; and (c) the Executive Secretary of the Higher Educational Aids Board. Require the Committee to, no later than October 1, 2020, submit to the Governor and the Legislature, a report that includes the following: (1) recommendations regarding the corporate and legal structure of the refinancing entity, including governance; (2) a profile of the loan portfolio, projected start-up and operational costs, estimated staffing needs, underwriting requirements, and other information pertinent to the creation of a refinancing entity that can offer interest rate savings to student loan debtors in Wisconsin; and (3) an assessment of the feasibility of and options for offering protections to borrowers refinancing student debt through the refinancing entity that are similar to the protections under federal student loan programs. Provide that the Committee terminates upon the submission of the report. In addition, specify that the Department of Financial Institutions would be required to pay the administrative expenses of the Committee, not to exceed \$50,000.

**Joint Finance/Legislature:** Delete provision.

## **13. REFERENCES TO INDIVIDUALS WITH DISABILITIES**

**Governor/Legislature:** Replace references to "handicapped" individuals with "impaired" individuals in sections of the statutes administered by HEAB.

[Act 9 Sections: 136, 388, and 392]